

**SPECIAL MEETING
COMMITTEE ON TRAFFIC/PUBLIC SAFETY**

October 21, 2002

5:15 PM

Chairman Sysyn called the meeting to order.

The Clerk called the roll.

Present: Aldermen Sysyn, Guinta, Osborne, Garrity, Forest

Messrs: T. Lolicata, D. Waldecker, E. Krein, Mayor Baines,
J. Taylor, R. Sherman, K. Clougherty,
Aldermen O'Neil, Lopez and Garrity

Chairman Sysyn addressed Item 3 of the agenda:

Discussion relative to parking management contract.

Chairman Sysyn stated I believe everyone got a copy of all of the contracts previously. The people from National Garages are here because they would like to keep their contract. Is anyone from Republic here, Tom?

Mr. Lolicata answered I don't know.

Chairman Sysyn asked does anybody have any questions or comments.

Alderman Forest stated I believe at the last meeting we had and I know that I have these contracts at home, but I believe we tabled this in order to get more information as to who we were going to go with. I don't see anything in front of me other than what I have heard might happen tonight. I was just wondering if we were going to get information on what the Committee came up with.

Mr. Lolicata replied you have to remember there are three agencies involved here – Laz Parking also. I brought all of the prospectuses in for everybody to see. I thought you had gone through all of the RFP's. What we are here to do is pick one of these companies. Right now we have an extension until November 7 by Central Parking.

Chairman Sysyn responded right. I think we have to decide tonight whether we want to extend that contract or if we want to go with a permanent contract. We had also discussed at our last meeting raising the fees in the garages, which would get you the revenue that we are looking for. That is why we are running in the red. We should bring those fees up so that we will not be behind.

Alderman Guinta asked, Tom, can you tell us what your recommendation was several months ago and whether that recommendation has changed.

Mr. Lolicata answered this recommendation was based upon a committee. It was a unanimous decision. After looking at all three of them and watching their presentations...you all received my May 21 letter. That letter explains everything in detail – what we went through, how we came about picking Republic. It was a democratic process. It was unanimous except for myself but we all had our own reasons and basically Republic was the one that was picked.

Alderman Guinta asked could you tell us what the basis was for that final decision.

Mr. Lolicata answered it was based upon the questions that were presented to all three of them, their own presentations, the manner in which they did them and the way they answered the questions from the committee.

Alderman Guinta asked can you go through for the Committee...in relation to expected revenue based on all three proposals, which one seems to be the most advantageous to the City.

Mr. Lolicata replied one of the questions asked of all three of them was to take the budget that was presented and show us what they could do with that budget. Out of the three, we looked at it and one of them came in with savings of almost \$100,000. They were the ones who did this on their own by using certain factors, which involve personnel but in that personnel they are allowed so many people also but the savings were a turning point for most of the people looking at this on the committee. The presentations that they gave were all well done. I am going to say there was an average of two to two and half hours for each one of them. They went according to the management fee and I believe the lowest management fee was Republic and that was a big factor. Central Parking was \$24,000. Laz was \$27,600. Republic came in at \$21,780. That is basically what it came down to. You more or less had to be there to see this and understand the questioning that was being done and the presentation that was being done and the reasoning. It was unanimous. Republic was the one that they all picked.

Alderman Guinta asked would there be any reason at this point not to go forward and make a decision as to whom we should be retaining or whom we should be choosing.

Mr. Lolicata answered I guess the question, Alderman, is whether you want to go along with our recommendation. That is the question before you right now. If there are any reasons why you shouldn't I guess you are going to have to come up with your own. Do you want to go with our recommendation or do you want to be the ones to choose?

Chairman Sysyn asked with the savings that Republic is planning to do are they planning to get rid of the help and then rehire them at a lower rate. Is that where they are saving the money? This is my beef that it would happen to these people like it happened with the janitors.

Mr. Lolicata answered the first thing they would do, Alderman, is they would take these people who are already working there. They want experienced people to begin with.

Chairman Sysyn asked at the same rate.

Mr. Lolicata answered I don't know what the rate would be. They would have to answer that question and they are not here. I believe they are from Alabama so I didn't expect anybody here tonight. Based upon what they are paying right now, it is almost comparable to what is being paid by National Garage right now. The big factor would be the amount of personnel that they want to run it with. Instead of 12 or 13 for two garages, it would possibly 8 or 9 with different shifts. That was one of the factors involved. They saved money with lighting and a few other things. They did a pretty good job as far as budgeting. I believe they can probably meet that. When you change personnel it can mean a lot of things.

Alderman Osborne asked so right now Republic is the one coming in with the \$100,000 difference.

Mr. Lolicata answered that is correct.

Alderman Osborne asked and National has the contract for another month or so.

Mr. Lolicata answered their extension is until November 7.

Alderman Osborne asked how about National. Can they compare with this \$100,000 savings?

Mr. Lolicata replied the company would have to answer that themselves. They are the ones running that budget and they will have to show you how, where and when. How they can do it, what line items, etc. In all fairness, Republic came in with their own. I am going to guess that National probably went along with what was already there so you have to take a comparison right now. Republic came in and did their own thing with so many people and National worked with what they have right now.

Alderman Osborne asked but can National match this.

Mr. Lolicata answered I really don't know.

Alderman Forest asked, Tom, at the beginning you said something about your committee. Who was on your committee?

Mr. Lolicata answered Denise, myself and Jim Hoben, Jay Taylor, Randy Sherman, the Solicitor's Office attended the last meeting and Wayne Robinson from the Mayor's Office.

Alderman Forest stated and you said at the beginning that the committee voted for Republic but you were opposed. Can I ask you why you were opposed?

Mr. Lolicata replied they are personal reasons. I go back pretty far with National Garages. I remember what they did, how they did it and I have to put a lot of emphasis on the manager at that time who is at the Airport, Mr. Waldecker. I know how they operate and who the people are and the honesty involved. Those are my personal reasons. There were other factors besides that but basically that is what it comes down. The personnel who have been there for 12 or 13 years. I know what they can do and I know some of the things that they didn't do and I understand that and the committee, of course, has their own reasons.

Chairman Sysyn stated I think the Airport has hired National Garages for another two years.

Alderman Lopez asked, Tom, was this a bid or a proposal.

Mr. Lolicata answered to me it was like a bid.

Alderman Lopez stated well let me ask the City Solicitor. Is it a bid or a proposal?

Deputy Solicitor Arnold replied I believe there was an RFP.

Mr. Lolicata stated there was but I considered it a proposal.

Alderman Lopez replied but we have to have legal terminology here. A proposal is one thing and a bid is another thing. Do you want to rule on that Mr. Arnold?

Deputy Solicitor Arnold stated I am relying on my recollection because I don't have the paperwork in front of me but I believe it was a request for proposal.

Alderman Lopez stated the people that the committee awarded this to, were they going to save or increase revenue in any way.

Mr. Lolicata asked do you mean at the time we did this.

Alderman Lopez answered yes. You selected the garage and you are making a recommendation. Can somebody tell us the numbers as to what they are going to do? Are they going to increase revenue or is it going to be something different than National Garage?

Mr. Lolicata stated they had a plan to do something a little different. Involved in their proposal with their fee was an incentive clause which read that anything they could bring up to the City and enact to save the City money that they would be part of it.

Alderman Lopez asked how much.

Mr. Lolicata answered it was depending on how much they would get. Nothing has been verified. In other words, this is their proposal. That doesn't mean they have to go through with it.

Alderman Lopez replied there is a figure sticking in my mind of \$180,000 more in revenue and I was wondering was that part of the reason they were selected. Can somebody help with that here?

Mr. Sherman stated what they said was when they typically go into a new facility, by changing the approach that they use when they come in and manage a facility typically they see an increase in revenues a minimum of 10%. Now if you are talking about the City's two parking facilities and you take that 10% maybe that is where you came up with that \$180,000. That certainly was one of the issues that I had for consideration. Over the years we have had a number of individuals come in and look at our parking facilities and they all feel that they are being underutilized. I got the distinct impression from Republic that they were going to see that they were no longer underutilized facilities. They were going to become part of the community. They were going to join the Chamber. They were going to go out and market the facilities. They were going to put up better signage to get

people into the facilities and they were going to do all of that at a savings of \$100,000 a year on the expense side. I think when you add that all together and you look at the fact that their management fee was the lowest as well, it was very hard not to vote for Republic. I personally took a ride up to Bangor and checked out their facility in Maine. It is clean. It is neat. Everybody is in uniforms. You don't have people reading the newspaper in the booths. The garages were spotless. It was very well run up there. I think that it is time for the City to take the step and move to a new management company and see if they can hit their 10% mark. Again, they are saying that is a minimum. We checked out their references and they are a topnotch group.

Alderman Lopez asked have they guaranteed anything in writing that they were going to keep the employees who are there.

Mr. Sherman answered what they had said during their interview is that they have a pretty stringent interview process and what they would do is give those employees the first right to come in and apply for those jobs. Now obviously if they are going through and they find something in somebody's history that doesn't meet their qualifications, they are not going to keep those employees. What they told us at the interview was that those employees would have the first shot at the job.

Mr. Taylor stated I can reinforce to some extent what Randy just said but the two things that stuck out in my mind during the interview process that caused me to go in the direction that we all went was number one they indicated that they were going to be able to provide some direct expense savings on the expense side and secondly they proposed a management contract, which would contain some incentive clauses whereby in the event that they are able to decrease expenses or increase revenue that there would be some sharing of those additional revenues by the company. This is not unlike the structure of the management agreement that we have with SMG for running the arena and I think it is a good way of providing an incentive for somebody to do something over and above the call of duty, if you will. To the extent that those items were brought forward by Republic, that is sort of the reason that I decided it was probably a good way to go. As you all know we are facing a deficit in the parking operation and any item or any method that we can find to reduce that deficit seems like a reasonable way to go. I think that is the sense that the whole committee had after the interview process took place.

Chairman Sysyn asked do you think if we raise the parking fees that it would bring us forward so that we would be ahead a little bit.

Mr. Taylor replied I think we have to do the calculation. I know Randy has done some preliminary work and as I recall his statement the last time, and I won't put

words in his mouth or I will but I will ask him to correct me if they are wrong, I think what he said the last time was that given the current debt service on the garages and absent any consideration of a registration fee, which has been proposed by the Mayor, assuming the \$100,000 savings comes to pass you could make the parking operation break even by charging \$73 a month. Is that the number? The point here is that in my mind we are not all that far from making this a pay as you go operation and to the extent that we can do that I think it behooves the City to move in that direction. I might also add that there is something else to consider and I think it is beyond the scope of what you are talking about tonight but it seems to me that if the decision to do this were going to be mine that I would suggest that you turn the entire parking operation over to whomever is going to be the management company here. I am talking meters. I am talking lots. I am talking garages. They know the parking business. That is what they get paid for and that is their expertise. I certainly don't hold myself as qualified to run a parking operation and it seems to me we should let the people who know how to do it do it and provide them an incentive to do a good job and make sure that they are doing what we are paying them for and see where we end up.

Alderman O'Neil asked was Republic willing to guarantee in writing to the City that they could save \$100,000.

Mr. Lolicata answered no I don't think they were guaranteeing. They were showing.

Alderman O'Neil stated, Tom, you mentioned...if we look at the management fee is it really a wash. \$24,000, \$27,000 and \$21,700. It is a wash. I don't know if I would award a contract just to the lowest one on a \$24,000 or \$27,000 or \$21,000 management fee. It is really...we have to look at these expenses that they believe they can save. We have no guarantee that they aren't going to lower the wage of the current employees even though they are going to offer them jobs back. Is that correct? We have no guarantee that they will rehire all of the existing employees at their current wage. Do we know that?

Mr. Taylor replied there is no guarantee of that but...

Alderman O'Neil interjected so it is a no. I don't want explanations. It is a yes or a no.

Mr. Taylor responded it is a qualified no.

Alderman O'Neil replied no it isn't. Are they reducing the hours the employees are on duty? Yes or no? Do we know that?

Mr. Lolicata stated we don't know.

Alderman O'Neil stated, Tom, you mentioned that they recommended going from 12 or 13 employees to 8 or 9. Do we know if those reductions are in cashiers or security people or maintenance people?

Mr. Lolicata replied yes they gave us an example and it should be in the prospectus.

Alderman O'Neil responded tell me what it is.

Mr. Lolicata replied offhand I don't know but they did drop personnel.

Alderman O'Neil stated well you have to have cashiers to collect the money, correct. Are they recommending to do away with security people in the garages?

Mr. Lolicata replied no. There will be security and cashiers.

Alderman O'Neil asked so are they recommending doing away with maintenance people then.

Mr. Lolicata answered they are expecting people in security to do maintenance also. That is what I get out of it.

Alderman O'Neil asked so they are saving...we have four maintenance positions their currently.

Mr. Lolicata answered I think right now you have one maintenance person in each garage.

Alderman O'Neil stated we have 12 people and they are saying they can do this with 8 so they have to be cutting into either cashiers or security.

Mr. Lolicata responded that is what I mentioned before. I guess if you look at how they did it, I think it explains it on there. I don't have the books with me.

Alderman O'Neil stated I didn't read it today. Tell me, Tom. You are the one recommending this firm.

Mr. Lolicata replied we as a committee are, yes.

Alderman O'Neil asked are they reducing the number of cashiers and security people on duty.

Mr. Lolicata replied if I remember correctly the cashiers have not been reduced. I think the overall personnel and possibly some hours have been reduced. I can't give you an exact figure.

Alderman O'Neil asked in what areas – cashiers, maintenance or security.

Mr. Lolicata answered I am going to guess some maintenance.

Alderman O'Neil stated but you just told me there is only one maintenance person.

Mr. Lolicata stated I think there is one in each garage now.

Alderman O'Neil replied so there are two maintenance people. Are they recommending...you said to me that they are reducing from 12 to 8. That is four positions.

Mr. Lolicata responded if I remember correctly, yes. I can't give you an exact answer. I don't have the book in front of me. I gave it to you people to study six weeks ago.

Alderman O'Neil stated I studied it and I don't believe their number. The other issue of saving on lights, are we turning off lights in the parking garage? Is that the intent?

Mr. Lolicata replied no that is a savings on the lighting itself probably.

Alderman O'Neil asked how.

Mr. Lolicata answered by changing the lights.

Alderman O'Neil asked didn't we just change the lights in the past year or two.

Mr. Lolicata answered they took that into consideration, that is correct.

Alderman O'Neil stated so we did change the lights but yet they are going to save us money.

Mr. Lolicata replied the others didn't take that into consideration. They kept it in the same line item that is what I am trying to tell you. That is how I looked at it. If you had a spokesman up here from Central Parking to explain it to you and if

we had know about this we would have had a representative from Republic up here to explain it to you, you would probably have a better idea of what is going on.

Alderman O'Neil stated this is my opinion. You know what I see in this \$100,000? Somebody took a number and handed it in and said there is \$100,000 because I have not read one thing that assures the City that they can save \$100,000.

Mr. Sherman replied I can tell you what positions they do have. They have one manager, one assistant manager, five cashiers, two security guards and one maintenance worker.

Alderman O'Neil asked so if they have only two security people...

Mr. Sherman interjected I am sorry, four security guards.

Alderman O'Neil stated so that is 12. I don't know where the 8 or 9 proposed positions are that they are talking about. I just think there are some very serious assumptions on this thing.

Mr. Sherman replied you have to understand that we asked each respondent to give us a budget. They know the garages. They know how to run a garage business and all three parties came in and gave us a budget just like any department would come in and give the Aldermen a budget. That is the budget that Tommy would take and stick in his budget during the year and that is what they would live with. I think what Tom was saying before about the electricity is they didn't realize that we were changing these lights out in the garages. We just did it in late winter or early spring.

Alderman O'Neil asked so does that say then that the \$100,000 might not be a correct number because they have savings in there that we may already be seeing.

Mr. Sherman answered no they actually has been taken into account when we compared the two budgets. We knew that their electricity was high.

Alderman O'Neil asked so we reduced their budget.

Mr. Sherman answered no. We didn't reduce their budget but when you are comparing budget to budget you have to use the same electricity number for both. Those lights are on, they are on timers, they are both going to have the same bill unless somebody is going out and picking out bulbs. They are going to have the same bill. You had to take those budgets and equalize them. There is no doubt

that it comes down to how you staff the garages. That is where the bulk of your dollars are.

Alderman O'Neil asked but do we know exactly what they are going to change. We know today how many people are on duty at any given hour. Correct?

Mr. Sherman answered correct.

Alderman O'Neil asked do we know exactly how they are going to differ from what exists today. I have a very serious concern about security in the garages. I don't know if you were all around and remember why we have security after there was a homicide in the parking garage. We can't reduce security. We can't reduce the cashiers. We need the people to collect the money coming out. That leaves maintenance and I only see one maintenance person here. Are we going to, for \$100,000 if I believe that number and I don't, are we going to see the cleanliness that you talked about that you saw in Bangor and I don't doubt that but are we going to see that go downhill.

Mr. Sherman answered I think you are going to see the garages clean. I really do.

Alderman O'Neil stated the other point I would like to make, Madame Chairman, before I throw it back to my colleagues who are on the Committee...the Airport I believe almost 50% of their revenue comes from parking so it is a very, very important aspect of the operation of the Manchester Airport. The Airport just extended their contract for two years with another two-year option probably going to be extended as well.

I would think that the Airport would give this as much due diligence as we have with regards to who is capable of running the parking garages. I believe we have two different contracts. We have a parking management contract at the Airport and we have a parking labor contract with the City garages because we regulate, dictate and recommend everything they do from the hours the garages are open to how many people are on duty to what they are paid. I think we need to keep that into consideration here.

Alderman Guinta stated I think with respect to...I would like to comment number one on what Alderman O'Neil just said. This contract with Victory and Canal is completely different than the contract at the Airport. I have talked extensively with Kevin Dillon about it. They are two completely different scenarios and situations.

Alderman O'Neil responded I stated that one is a management contract and the other is a labor contract.

Alderman Guinta replied I am glad that you did say that but you are still trying to compare the two and you are saying that based on the fact that Kevin Dillon and that different type of contract is being extended we should continue to delay this. I am not satisfied with what National has done.

Alderman O'Neil stated I don't want to debate Alderman Guinta but my point was the capability of the firm.

Alderman Guinta replied in certain scenarios, National appears to be very capable. In this scenario they are not. How long, Tom, has National been managing these two garages, eight years?

Mr. Lolicata stated at least that.

Alderman Guinta asked or has it been eight years without a contract.

Mr. Lolicata answered it has been roughly five or six years without a contract. They have been managing for at least 12 years now.

Alderman Guinta asked and out of those dozen years, how many years have we been making money versus how many years have we been losing money. Just give me a ballpark?

Mr. Lolicata answered Victory at one time was making some money. They had no debt service until recently. I couldn't answer that. We had debt service on the other two garages naturally, especially after the first renovation at Canal. Believe it or not, it made some money for awhile until the debt service but you and I know we are still going to subsidize parking. No matter how you look at it.

Alderman Guinta replied I think you are right. We are going to have a debt one way or the other but we need to figure out how to stretch a dollar. It appears to me that based on the proposals and based on what National has done in recent history, they are not cutting...they are not getting the job done and if we have a proposal in front of us that says we can get the job done, we can reduce costs, we can be just as efficient if not more, we can be cleaner and we can be better...I mean you change the players on the team. That is what you do. I think that we have waited long enough. The concerns that were brought up my members of this Committee were what is going to happen with the current employees. It sounds to me like if those employees are good and doing their job, they are going to be retained and that to me is fair. If they are not doing their job and they are not going to be effective in the future, then they are not going to be retained and that to me sounds very fair. No different than anyone who sits on this Board. If you are not

effective as a representative of your ward, you are no longer retained by the voters. No difference with who is going to be managing our garages. With respect to parking in this City, we need to stretch every dollar because we don't want to get in a situation where we are going to increase costs to rate payers simply because we may or may not want to retain some of our friends in the City. We have to demand and expect the best out of our employees and they are clearly not giving it to us right now. We have to demand and expect the best out of our employees and they are clearly not giving it to us right now. I think that this Board should strongly consider making some changes. We have a full recommendation. Alderman O'Neil you have some valid concerns but it is clear that National is not getting the job done and that needs to change and we have this proposal in front of us. I know that there are other questions and I would like to let people have the opportunity to ask their questions but at the end I would like to make a motion.

Mr. Taylor stated I just want to get in my qualified answer to Alderman O'Neil's question, which he didn't want me to answer but I am going to try to get it in now. The issue about the existing employees and their fate I think to some extent that is in the hands of the Board of Mayor and Aldermen and the reason I say that is the City is going to be a party to this contract so whatever stipulations the City wants to make in terms of putting that contract together clearly is within the purview of the City to make. If giving the existing employee's preference is the consideration then that ought to be in the contract and then Republic will have the choice of either signing the contract or not signing it. I really don't think that is a huge issue because we can put it in the contract if we all think it is important and I suspect we all do. I know the people at Victory because I park there and I know they do a great job, particularly at night with security. I have no reason to want to see them lose their jobs any more than the rest of you. I think we put it in the contract that they are given the first crack.

Alderman O'Neil replied the point of that is not so much the employees. The point is that the employees are paid a certain wage today, let's say \$10 because I believe they are all somewhere in that range. My question was is Republic going to come back and have every job there at \$6 or \$7 an hour. That is my point. I didn't get an answer that there was a guarantee that they weren't.

Mr. Lolicata responded I will give you an answer right now. If you are saying \$6 or \$7 or even \$8 an hour, the answer is no. The Center of NH right now, they can't even keep the help so you have to start off at \$9 or \$10. I expect it to be about \$8 or \$9 an hour. They are having a hard time finding help.

Alderman Garrity asked if we were to put that in the contract, keeping all of the employees, would that change the numbers. There is no one here to answer that question. One other question for Tom Arnold. Is this a bid or a proposal?

Deputy Solicitor Arnold answered again my recollection and maybe I stand to be corrected, is that it was a proposal. Now it has been some time since I looked at those documents but that is my recollection.

Alderman Garrity asked are you 100% sure that it is a proposal and not a bid.

Deputy Solicitor Arnold answered no I am not.

Alderman Garrity stated I think it is necessary that we take a recess and get an answer to that question. What are the consequences if it is a bid and we decide to go with somebody else? Are we opening ourselves to any liability at all?

Mayor Baines stated I would appreciate the opportunity to speak now. I do have to go to another event tonight but I want to make a couple of comments. I think that needs to be resolved but my understanding clearly is that it is a proposal, but again I am not the lawyer. I do not know any of the personalities involved in this situation. I do know that we put together a committee to come up with an objective review of how we could make the parking situation better in the City and with the exception of one person, they are in unanimous agreement that a change is needed. The parking garage situation is not working up to its full potential right now. We do not have the expertise as City government, as Mr. Taylor and some others have spoken, to deal with the situation in an effective manner. Even looking at the rate structures, which had not been even reviewed to my knowledge until I came into office and we looked at some ways to escalate the costs and make them more in line with the marketplace and minimize the impact on the taxpayers of the City, where is the view of how to manage these facilities so that they are benefiting obviously the constituents who use them and also not impact the taxpayers of this City in a negative light. Sometimes when you have contracts, a new approach is good. That new approach looks at different ways of doing things. We are talking about better marketing. These garages, as you know, have not met their potential and have created a very significant revenue deficit in this year's budget alone in terms of the utilization of the garages. I am talking about promotion, public relations, marketing, signage, all of those types of things. We are not in that business. We need parking management that has those skills that is willing to work with the City to maximize those garages. Why we have sort of neglected that area is a concern of mine. We do have a parking deficit. We also have numbers that we have to meet to try to make this budget work this year. Unless this Committee adopts these numbers, which the Finance Department has said that they will certify for tax setting purposes, we are going to have to make up with the combined issue of the fee for auto registration and this issue, which we are going to deal with later, another \$500,000 to meet our target on the tax rate for the City. Again, this proposal has been before this Committee, I think, for about

three or four months now. It is a long time that this has been before the Committee. There is going to be a special meeting of the Board the last Tuesday in October for the purpose of going and completing our forms to set the tax rate. Unless these issues are settled, you are going to have two choices. One, raise taxes beyond a level, which we feel, is the right thing to do at this point in time or go back and cut department budgets once again. These are very serious issues. We have a company that has come in. They have talked about managing people, managing resources and maximizing the potential of these garages. I agree with Alderman Guinta also. I agree that we need to look at raising rates. We had talked about bringing a new management company in and doing an assessment of the marketplace and raising the rates but there is a very delicate balance of putting those spaces out of the marketplace. That will deter our efforts to develop our downtown in terms of businesses and also the potential for other housing opportunities. We have recommended from the start that we support the committee's recommendation. Again, if you look at the time and effort that was put into that...they sat with all of the different companies and came to a unanimous conclusion that this change needed to be made and I would urge the Board to follow the recommendation of the committee.

Alderman Osborne asked, Randy, on Tom's memo it reads, "management fee – Republic Parking Systems proposes an annual management fee of \$21,780 plus an incentive fee to be negotiated based on the goals of the City." What does that mean?

Mr. Sherman answered what they are saying is that if they come in and they can, without raising fees, reduce expenses and increase revenues because of the way they are managing the garage, they would like us to get a percentage of that.

Alderman Osborne asked what is the percentage.

Mr. Sherman replied my understanding is it is still to be negotiated unless you had something in the contract. That was still to be negotiated at the time of their proposal. The one thing that I will point out is that financially I would say that Republic...you know when we are talking corporate, I think Republic is actually better off financially. They have very little debt on their balance sheet. One of the things that they had told us was when they do these incentive type contracts they are willing to dish out their own dollars to do maintenance of the facility, beautification and those kinds of things because it comes back to them. They understand that they have an opportunity to get some of those dollars back and that could explain why their budget is coming in lower.

Alderman Osborne asked can we hear from National.

Alderman O'Neil stated I want to make sure we are clear here. Whether the garages are making money or losing money, in my opinion, is not because of our management company. We need to begin by looking in the mirror at the City. We have controlled every single thing that happens in those garages, from the wages those people are paid to the benefits they get to the hours that they are there to the number of people to how long the lights are on. The City of Manchester has controlled all of those things. That is why I say it is a labor contract. With regard to losing some money, we have to keep in mind that Victory was closed for a period of time or levels of Victory were closed for renovations. Am I correct, Mr. Lolicata?

Mr. Lolicata replied that is correct.

Alderman O'Neil stated so there was some revenue lost there when those renovations went on.

Mr. Lolicata responded sure. There is revenue loss with anything like that.

Alderman O'Neil stated and there was revenue lost at Canal Street because of a major tenant moving out of the building. Is that correct?

Mr. Lolicata responded yes.

Alderman O'Neil stated we need to take a look at this whole thing and not blame the management company for why we are not meeting revenue goals. The City decided to do the renovations, not the management company and added debt to those garages. That was decided here at City Hall. The parking deficit is our issue; not the management company as far as I am concerned.

Alderman Guinta stated why don't we hear from National and maybe they can tell us why they have not take a more proactive role in trying to exceed revenues or maybe we can hear from National about some of the issues that Alderman O'Neil just raised.

Chairman Sysyn called Mr. David Waldecker forward, along with the representative from National Garages.

Mayor Baines stated the thing that troubles me about...none of the other people who presented proposals were given the opportunity to be here this evening. That worries me in terms of how we are proceeding legally and otherwise. I don't know if that is an issue but I think it should be talked about and discussed because through the process of doing a request for proposal you have every company come in, do a proposal to the committee and they are allowed the opportunity to do so. I

am sure that if the other companies were aware there was going to be another forum on this issue, they would be here as well. I want to make sure that we are not exposing the City with the process here. Maybe we could ask the City Solicitor to respond to that.

Chairman Sysyn stated we had Republic here the first meeting that we had.

Mayor Baines responded if there is no problem with it, that is fine. I just want it raised and I will feel better that I at least raised it. I have no problem with them speaking, but I want to make sure we are not doing anything that is going to jeopardize our legal position.

Alderman O'Neil stated can I ask the Mayor one quick question before he runs away. The \$500,000 that you talked about, \$385,000 or roughly that comes from the proposed auto registration fee? Is that correct?

Mayor Baines replied yes but the clarification is that was contingent upon projections that we made having it go into effect November 1 so we are already off on that projection right now.

Alderman O'Neil stated and my understanding, and these are my numbers and not from anyone else, but if we raise the rates and I believe Alderman Sysyn has a letter into the Committee about adjusting the rates for some reason I come up with a number of \$60,000. I don't know if that is correct or is that in the ballpark? Do you know?

Mayor Baines replied I would have to ask the Finance Office. The calculations would really depend on when you start it and what kind of notice you gave and how it went out for the fiscal year.

Alderman O'Neil asked so we haven't done those calculations.

Mayor Baines answered I believe there were some calculations done around the rates but I am not sure of the exact figures. Tom, can you add anything to that or Randy? It is probably in the ballpark though.

Alderman O'Neil asked towards the \$500,000 and I understand we are late with the proposed fee, we are looking roughly maybe \$425,000 so we are talking about being \$75,000 off from the \$500,000.

Mayor Baines answered you are close. Somewhere in that vicinity.

Alderman O'Neil stated so with all due respect, your Honor, even without resolving the issue of the management contract tonight, if for some reason we didn't but the Committee acted on those two other things, we could still see the revenues and it doesn't put us in as difficult a situation. Is that correct?

Mayor Baines replied you would be off of the target, certainly, and we would have to look at whether we wanted to just let that go through as a shortage on the revenue end as we do our forms for tax setting purposes. We would certainly be off. The Finance Office said they were willing to verify the numbers as presented in the new contract, which would be taken into account for tax setting purposes. The question would be whether the Finance Office could calculate and verify the numbers.

Chairman Sysyn stated I don't think you would be able to put those fees in until January.

Alderman Guinta stated I still think we should try to, rather than fall onto the side of looking at raising fees, I think we should try to maximize performance. What we are trying to do here is achieve the best performance, the highest performance from management companies. Let's try to see what management companies can provide by way of reductions in expenses before we look to raise fees on the people who utilize those garages. Secondly, I would like to know how National came to be invited to this meeting if they could respond to that.

Mr. David Waldecker of National Garages stated I do believe I was requested to be here by...I do believe the gentleman who works for me, Bill Kelly, asked me to be here, which I would have been anyway. The original request came from him.

Alderman Guinta asked can anyone on this Committee tell me how Bill Kelly came to find out about this meeting and not other people from the other companies who made requests for proposals.

Alderman Garrity answered it was probably in the paper. It is a public meeting.

Chairman Sysyn stated it was in the paper but they also knew that we were going to have a Traffic...

Alderman O'Neil interjected there has been discussion that we were going to continue...Mr. Waldecker...these two gentlemen along with another gentleman were at the last Traffic Committee meeting. This isn't new that there was going to be another meeting.

Alderman Guinta replied I am not suggesting it is new. The Mayor brought up a point that other parties are not here and it is probably because those parties aren't in the State.

Alderman O'Neil stated well Mr. Waldecker lives in the City. He obviously would be...I don't want to speak for him, but tracking this. It has been in the paper fairly regularly.

Alderman Guinta stated my point is that I don't want to continue to delay this simply because a representative from Republic who is out of State is not here because there was not proper notification sent to that person or that company. That is the point I was trying to make. These are local people and I am happy they are here but it sounds like we didn't...we shouldn't stop this process from going forward based on the fact that other people aren't here. Everyone has had a chance to speak. We have made delays because of our own requests. I know I have made delays on my own request because I wanted to see the proposals. I have had a chance to review them. National is here and they can try to convince me otherwise and maybe they can make a very good case as to why they should continue, but I certainly hope we don't stop this process today simply because other companies happen to not be represented.

Chairman Sysyn replied I don't think that is a reason to stop it.

Alderman Osborne stated I want to know from National what they can come up with as to what they heard. What is your answer to what you have heard so far?

Mr. Waldecker responded as far as the budget goes, seeing that I did it, this is the original budget that was submitted probably a year ago. I had some questions when the RFP came out on the budget so I called the Traffic Department and I do believe Tom was in the hospital and I asked Denise, the receptionist up there, about the budget and she said as long as the bottom line doesn't change you will be all set. I submitted what we originally submitted, which was based on the civic center coming forward and we needed additional help. As it turns out, we don't need that additional help nor have I put it in and currently we are about \$11,000 under budget on the contract manpower as of the end of September. The lighting issue is another...that was before the fluorescent lights came in, which have cut the electric bill in half.

Alderman Osborne asked all I want to know is can you compete with Republic.

Mr. Waldecker answered yes.

Alderman Osborne asked in what way.

Mr. Waldecker answered the budget can be lowered because we are not putting in the extra personnel for events. That is the biggest line item right there.

Alderman Osborne asked what about the management fees.

Mr. Waldecker answered currently we have one manager, six cashiers, four security and two maintenance people. I think that was pretty close to what Republic suggested. We can compete with that because we did not have to put in extra personnel due to the civic center.

Mr. Ed Krein stated I am the Senior Director of Operations based in downtown Boston. As it stands now, through the first three months of this fiscal year compared to budget our expenses are down \$23,600. Additionally, the cash flow comparing the same three months ending September 2002 with September 2001 you have an improvement in cash flow of a positive \$11,000. This is clearly in line with the numbers that Republic has put on the table as far as savings of \$100,000. More specifically, on electricity there has been a savings in the retrofitting of the fixtures amounting to \$10,000 over those three months so there is an additional \$13,000 in real savings.

Alderman Osborne stated I don't think that it is these people's fault but I think it is more of our fault for not inviting the other two companies. I don't know why we can't get together here and get these other people notified and let's get this over with somehow.

Alderman Forest asked, Mr. Waldecker, earlier in the Committee's meeting there was some question about the financial problems between you and the City. Has that been resolved?

Mr. Waldecker answered yes. There is one remaining issue and that is a workman's compensation charge and I have been working with Kevin Buckley and I have sent him some numbers. He in turn has sent me some additional numbers and I have clarified my computations with him. That is moving forward.

Alderman Garrity asked, Tom, do we have an answer yet as to whether it is a bid or a proposal.

Deputy Solicitor Arnold answered I was going to ask for some time. Alderman O'Neil was kind enough to give me the original document and Jay Taylor produced two of the proposals. I am glad to say that my memory served me correctly and it was a request for proposal and I believe the responses were such.

Alderman Garrity asked do we open ourselves to any liability if we were to go with National.

Deputy Solicitor Arnold answered I am not sure what you are asking. It was a request for proposals. There are criteria in the request for proposals for awarding a contract. It is not a situation of lowest qualified bidder. It is the best proposal. You wouldn't be opening yourselves to the same liability as if you didn't take the lowest qualified bidder for instance if you had gone the bid route.

Alderman Lopez stated I have one question. When you went through the interview with the committee did you ask them any questions about the RFP that you did not understand that you seem to understand today?

Mr. Waldecker replied we submitted probably seven or eight questions or requests for interpretation about certain issues within the RFP that were not clear. The RFP speaks to a methodology and how certain things are done that is not in agreement with what is actually being undertaken today.

Alderman Lopez asked did you have a fair chance to get your answers during the process.

Mr. Waldecker answered in all honesty we submitted those requests in writing and we have not received a response.

Alderman Lopez asked, Randy, as a member of the committee do you agree with his statement or do you feel that they had all of the information that was provided to give you the correct answers.

Mr. Sherman answered as far as I am aware, that had all of the information they would have needed.

Alderman O'Neil stated I want to go back to this budget thing. Are we saying that all three firms didn't submit using the same budget? Is that what I am hearing?

Mr. Lolicata replied basically we took the budget from one year and asked them what they would do with this budget...in other words how would you run it.

Alderman O'Neil asked so they all did use the same budget.

Mr. Lolicata answered as far as I am concerned, yes. They were all presented the same budget and asked what they could do with it and how they could work with it.

Alderman O'Neil asked so we took into consideration using that older budget, the electricity for example, when that was already corrected. Am I correct on that? So out of fairness to National, they knew the electricity budget because they were there when the changes were made to the lighting. They knew that that wasn't an accurate number then. Am I correct?

Mr. Lolicata answered in a way, yes. It was at the same time that was going on, I believe. In other words, Alderman, they utilized the exact bottom line budget for 2002 or whatever Denise gave them and they had to work with that to see what they could do with it. I guess it is negligent savings on the money. I guess it was not there. If there was a line item of \$50,000, it was \$50,000 in there and they were asked what can you do with it. That is my understanding.

Alderman O'Neil replied yet Republic used savings on lighting even though it was already included. They said they were going to save the City \$100,000 when, in fact, there was no savings on electricity.

Mr. Lolicata responded actually I think they were higher with that. They could have saved more money if they had known.

Alderman Forest stated for the record, would it be legal or fair to have a vote here tonight without having the other two representatives here.

Deputy Solicitor Arnold replied I will do my best to attempt to answer that. Obviously, there have been proceedings before the staff, interviews, questions and responses. In so far as this Committee has chosen to ask substantive questions about the responses and how those responses might be changed in light of the Committee's questions or in light of new information or whatever, then all three ought to be given the opportunity to do that.

Alderman O'Neil stated I just want to make a point. This is just to follow-up on the questions that I had for the Mayor. The auto registration is on your...is that Item 4 on your agenda tonight? I thought one of the things the Mayor was pushing for was trying to get our numbers as correct as possible for the setting of the tax rate. My understanding is that that included the auto registration fee and consideration of the new parking rates. That it would bring in and I am using the number \$60,000 and I don't know if that is a correct number so that if those two things were implemented for the setting of the tax rate were only...again this is my number, \$75,000 off maybe. Kevin, my understanding was that the number for the auto registration as of November 1 would have been \$385,000.

Mr. Clougherty replied right.

Alderman O'Neil stated and I am not sure of when that \$60,000 number...I think when I calculated it out it might have been from December 1. I am not 100% sure on that. That leaves us roughly \$445,000. We have to adjust that because it is off a month. I am saying maybe \$425,000 or something.

Mr. Clougherty replied what we do, Alderman, and what we told the Mayor was here are estimates related to these actions predicated on where we were a couple of months ago. October, as you know, is a big auto registration month and that could have an effect on...

Alderman O'Neil interjected so we have already missed that.

Mr. Clougherty stated right. What we would do is any revenue that is going to be included for the tax rate setting has to be in an ordinance form so that we can go to the DRA and say hey listen this isn't just talk, here is some action the Board has taken so if the Board has ordinances that establish a parking reserve trust fund and does something to the rate and does something to the parking management contract or any combination thereof and it is in the form of an ordinance or a contract, we will look at that for the meeting the Mayor was talking about and do a projection based on that.

Alderman O'Neil asked if we resolve the trust fund, which is the auto registration fee, and the new rate before November 1 that puts us pretty close doesn't it.

Mr. Clougherty answered depending on what the rate is and depending on the utilization but I would have to talk to Tom.

Alderman O'Neil stated I just don't see us resolving this management contract before the setting of the tax rate. If you are talking about flying people up from Tennessee and all of that stuff, that is not going to happen tomorrow.

Mr. Clougherty replied from our standpoint, Alderman, that projection isn't something that I can give you tonight. I have to sit down with Tom and say okay if the rate goes up does the utilization go down, etc. There are all kinds of things that go into that and once I understand what the rate increase you would be proposing was, then I could take a look at that. Before that to say that that is necessarily going to translate into more money, that may not be the case.

Alderman O'Neil stated my question is there has been discussion about three things needing to happen to wrap up the setting of the tax rate. The trust, new rates for the garages...well no that is not even on the table and the management fee. If rates and the trust were on the table could we, with giving you a couple of

days to recalculate it, does that put us close enough that you are comfortable with certifying the numbers?

Mr. Clougherty replied again depending on what the rate is, Alderman, more than a couple of days is what we would need. Ordinarily for the rates...what you don't want to do and I think what the Mayor was saying earlier is when you set these rates it is a balancing act. Increasing the rates in certain areas may result in a negative option. That is why if you were to change your management contract, if I understand what the Mayor was saying, then you ask them to come back and look at a rate structure and then they would propose to you how that would work. He would rather see the management contract agreement taken care of then the rates.

Alderman O'Neil asked why couldn't we ask our current manager to recommend the rates to us. Why do we have to wait for a new manager to do this whether it is any one of the three firms?

Mr. Clougherty answered again because what my understanding of the concept that Jay talked about was having something much broader.

Alderman O'Neil asked and they can't deliver broader.

Mr. Clougherty answered I will defer to Tom and Jay on that. They are more knowledgeable than I am.

Alderman O'Neil stated I think all stock on these changes in City parking on the backs of the Manchester...everything they are going to recommend has to be approved here.

Mr. Clougherty replied I understand what you are saying, Alderman.

Alderman O'Neil stated it doesn't matter if you two guys run the garages. It still needs to be approved here.

Mr. Clougherty responded right.

Alderman O'Neil stated to me the relevance of who the manager is with all of this is...it doesn't mean a thing because the decisions made in the operating of those garages are made here.

Mr. Taylor stated it seems to me that we are going back to what you mentioned earlier has been the City's posture over the past seven or eight years and that is telling the management company what it is what we should do. If you are going to tell them what the rate is, what is the point of asking them? Secondly, we are only

talking about garages here and are you going to adjust the parking lot fees? Are you going to talk about meters? I mean this is a comprehensive program. It is not just garages. It is not just lots. It is not just meters. Until we resolve...

Alderman O'Neil interjected we know what happened with the comprehensive program when we were trying to open the civic center and we know what changes were implemented and what changes were corrected in a very short time. We don't need to go through all of that. My understanding, Madame Chairman, if I recall my discussion with you, your letter just states monthly. Am I correct?

Chairman Sysyn replied yes it was just changing the monthly fee in the garages.

Mr. Taylor responded right but monthly could be leased meter spaces or it could be permit parking in the surface lots. What are we talking about for rates there?

Alderman O'Neil stated we are talking about the garages. This new revenue you are talking about doesn't include...are we asking the management...why don't we put out an RFP for that service then?

Mr. Taylor replied what I am suggesting is whatever management company you end up selecting...what I am saying is that in my mind what should happen is whatever management company you select to run this operation they should be given the entire parking operation. We should be out of the parking business.

Alderman O'Neil responded I don't disagree with you but that is not what this RFP said. This RFP specifically was addressing the two parking garages. I don't disagree with you. If that is the direction we want to go in then we need to put out a new RFP. I am not going to get into a contract with 25 addendums on it just to cover ourselves here. If we want to do it, do it right if that is what we want to do in my opinion.

Mr. Taylor stated I am not sure if we have to start over again or not but be that as it may...

Alderman O'Neil interjected we are going to have them take over meters and lots and all of that. That is not in this RFP.

Mr. Taylor responded not it isn't, but...

Alderman O'Neil interjected we should have asked that if that is what we wanted to do.

Mr. Taylor stated that is a good point because I think that is the way we ought to go.

Alderman O'Neil stated I don't disagree with you.

Alderman Guinta stated let's try to get back to the scope of this discussion here. We are all over the board and the problem is revenues, expenses and trying to get the best bang for our buck with respect to garage management – two specific garages. We need to stick to the issue. That is the issue. We are here tonight to try to determine, at our own request, I mean we were the ones who tabled this so we could take a look at the proposals in-depth. We have all done that. In my opinion the proposals identify what savings can be achieved and what changes can be made without a negative impact on the ratepayer and seemingly a positive cash flow to the City assuming we make some decisions. The longer we go without making a decision, we sit here and we waste money and National still doesn't have a contract and we don't move forward as a City. We need to start making some decisions. We are not doing that. We have the opportunity tonight to make a decision. It is not that difficult. We have the proposals in front of us. We are talking about garage management. The gentlemen in front of us have had the opportunity to do it. I don't think they have done it to the City's satisfaction. I think that there can be better management styles despite the fact that Alderman O'Neil suggests the City is the one who implicates the process. The other proposal suggested they can save money based on the same parameters. If that is the case, let's give another company the opportunity. If they fall flat on their face, we can come back to National. We can go to another company. To me it seems clear that if we can create some savings and utilize that money in places that Alderman O'Neil would like to utilize that money, for example, the Fire Department or the Police Department and I don't care if it is \$30,000 or \$70,000 or \$100,000 in savings, let's put that money to better use because it is being wasted and waste is not what we are supposed to be about. We are supposed to be about effective management and this is clearly not effective management and the longer we sit and wait, the longer we waste money and I don't think anyone on this Board wants to waste money. I think we want to try to control our spending and control our costs and put the money in the places where it is needed most. A few months ago people in this room here said we can't cut Fire and we can't cut Police, God forbid. Here is a way that we can achieve some savings and do the things that Alderman O'Neil wants to do by putting more police officers on the street in my ward and on the West Side. We can do that but we have to make a decision here today. We need those resources. This company is a good company. This relationship with respect to these two garages just doesn't seem to be fostering the benefits for both sides so let's look at an alternative and let's go to Republic or let's go to the other one but let's move somewhere.

Alderman O'Neil stated I don't disagree with what Alderman Guinta just said. I guess if we wanted to do an incentive based RFP that is what we should have asked for and there would have been nothing wrong with it but again, David, I want you to answer these questions. Who determines what the rate of pay for your employees is?

Mr. Waldecker answered I was given rates of pay by the Traffic Department.

Alderman O'Neil asked how about the benefits for your employees.

Mr. Waldecker answered the benefits come with the company.

Alderman O'Neil asked like holidays and stuff like that.

Mr. Waldecker answered holidays...well we are adding holidays on top of what Central offers and what National offered because we are closed on Columbus Day so there are extra holidays.

Alderman O'Neil asked how about the hours of operation.

Mr. Waldecker answered that is governed by the Traffic Department.

Alderman O'Neil asked what about the number of employees that are on duty.

Mr. Waldecker answered the City.

Alderman O'Neil asked how long the lights are on in the garage.

Alderman Guinta asked what is your point, Alderman.

Alderman O'Neil answered my point is that they haven't had a chance to manage the garage because they have been directed in every single thing they do. That is my point. We haven't let them manage the garages.

Alderman Guinta asked so are you suggesting we keep National but change the policy in terms of how much involvement the City has.

Alderman O'Neil answered I have no problem with that but we have micromanaged the running of those two garages. I don't think we are as greatly involved in the Center of NH as we are in those two garages.

Alderman Guinta asked has anybody been complaining about the so-called micro management. Have you complained about the micro management of the City in the last eight years that you have been managing or ten years?

Mr. Waldecker answered in some aspects it is frustrating.

Alderman Guinta asked but have you complained about it. Have you brought these concerns to our attention?

Mr. Waldecker answered I have put together a few proposals and recommendations. I worked very closely with the civic center.

Alderman O'Neil stated I have to be honest, Alderman Guinta, if it wasn't for Mr. Waldecker's recommendation on prepay with regard to the garages on civic center event nights I don't know how much money we would be losing with the garages if we had to staff them until midnight or so. I thought that was a fabulous recommendation, but it was not recommended by City staff. We had to pull that out of our management company.

Alderman Guinta asked what does that have to do with this particular management issue.

Alderman O'Neil answered because again it goes back to...if we let them manage the garage I think we would be in a lot better shape. We don't.

Alderman Guinta asked hasn't it been in the last eight years under their own management. You want the same people to manage these garages that have been doing it for the last eight years and we are not seeing the cost benefits that we see under the other two proposals.

Alderman O'Neil stated I would like the company to manage the garages. They have been providing a labor contract for the last eight years. They have not had a management agreement.

Mr. Lolicata asked can I say something. In regards to those hours, those were established way back when John Hoben drew up these documents. For the Center of NH, it tells you how many hours, how many men. Dave Waldecker has the original thing. Just so you know, we allow Dave to run those. Dave, as a matter of fact, has done a heck of a job. I am not saying he hasn't, but those were preset. They were done way back.

Alderman O'Neil asked so Tom what you are saying is that is not a management prerogative, that is a City directive. That is what you just said to us.

Mr. Lolicata answered that City directive has stayed since Day 1.

Alderman O'Neil replied that is my point. They have been directed what to do. We haven't allowed them to manage it.

Alderman Lopez stated I want to make a comment to the Committee. I strongly urge you to pass on the recommendation that has been given to the Committee as far as which company should manage the garages. We have had various people, Jay Taylor and Randy Sherman and a total committee look at this entire thing. If we are to move forward...I agree with Alderman Guinta, let's move forward otherwise you know we are not making decisions. I urge the Committee to make a decision and bring it out to the full Board and let the full Board vote on it and end the ballgame.

Alderman Guinta moved to accept the committee's recommendation to choose Republic Parking Systems to manage the Victory and Canal Street Garages. There was no second to the motion.

Alderman Garrity stated given the fact that we have had a 14 year relationship with National and I think they have done a pretty good job, I would like to request that they go back and sharpen their pencils and see if they can come up with a better management fee. I would like to make that a motion.

Chairman Sysyn replied you would also need in that motion to extend their contract for a period because their contract is up November 7.

Alderman Garrity asked would it take them more than two weeks to put something together.

Chairman Sysyn answered we would have to have another special meeting.

Alderman Guinta stated there are so many questions that I should ask that I don't know where to start. I can appreciate that we have a 14-year relationship with National and the City is still going to have a relationship with National by way of the contract with the Airport. Over at the Airport, National is clearly the partner for the City, clearly. That has been made clear by Kevin Dillon. It has been made clear by their past performance. It has been made clear by the contract that Kevin and National have entered into. Just because you have a business relationship doesn't mean you should continue to sustain losses simply because there is a relationship and that is what is going on here. That is what your motion would suggest. If we have had this long-term relationship and we are not meeting our expectations or goals and we are looking at trying to raise rates on the people who

use those garages, I think there is a better alternative and the alternative would be laid in the proposal that suggests we can have cost savings without an increase in fees to the customers.

Alderman Garrity replied I think it is a little unfair to keep repeating losses, losses, losses. I mean it is not their fault they have debt service to worry about when we went in and fixed up all of the garages. I think it is a little unfair. I think they have done a pretty good job. I think it is a good relationship that the City has had.

Alderman Guinta responded I am not saying they have done a bad job. I think we can maximize. I don't think we are achieving the maximum benefit and I think a change would be able to achieve maximum benefits. That is what we are trying to do. Again, we are going to keep this relationship with this company by way of management at the Airport so they are not leaving the City. We are not severing that relationship. We have a full committee that has certainly much more expertise than the people on this Committee and that committee suggested that we make a change. I think we should really follow the sense of those people who are much closer to having expertise on this issue than we are. We rely on those people. We make the policies but we rely on those people to filter out the decisions for us and they have done a very good job. We can't keep the current system because what is going to happen in two or three months is we are going to end up with a rate increase and I am certainly not going to say to people well sorry we had to give you a rate increase because we couldn't make up our minds about a management change.

Alderman Garrity stated I think it is a little bit of grandstanding, Alderman, on your part. It is not because of the management. We sit there and we manage the garages. We put this debt service upon them.

Chairman Sysyn stated we set the rates.

Alderman Guinta replied I understand that we set the rates but I have to tell you there is another company, there are two other companies who are saying that they can achieve greater returns with the same parameters. I don't know why people are not willing to give those companies an opportunity to prove what they are suggesting or what they are offering.

Alderman Forest stated I think the debate is going along pretty good but unfortunately for me the companies that you are saying have said that they are going to set the rates or are going to do this are not here and I haven't heard it from them. I have been asking for this for four months now.

Chairman Sysyn stated they were here and that is why the Mayor stopped us.

Alderman Forest stated we set the rates and we set the contract so why don't we just stay with National and we can set a contract with them and they can accomplish what we want.

Chairman Sysyn asked are you making a motion.

Alderman Garrity stated I already made a motion.

Chairman Sysyn asked what was your motion.

Alderman Garrity answered to request that National come back with another proposal by November 7.

Chairman Sysyn stated but you would have to have another special Traffic Committee meeting before that.

Alderman Garrity replied that is up to you, Madame Chairman.

Chairman Sysyn stated that is fine.

Alderman Osborne asked so it is a motion to table then.

Alderman Garrity answered no.

Deputy Clerk Normand stated the motion I have on the floor right now is for National Garage to reevaluate the original proposal to identify additional savings and return at a special meeting with those results.

Alderman Forest duly seconded the motion.

Deputy Solicitor Arnold asked could you take a moment to meet with counsel before you vote.

Chairman Sysyn recessed the meeting to meet with legal counsel.

Chairman Sysyn called the meeting back to order.

Alderman Garrity stated after meeting with legal counsel I would like to rescind my motion.

Alderman Forest stated I would like to rescind my second.

Alderman Garrity moved to reject all proposals given to the Traffic Committee and send out another RFP due back on November 6.

Chairman Sysyn stated that is not enough time.

Alderman Garrity asked how much time do they need.

Alderman Osborne stated we need to make a decision now.

Deputy Solicitor Arnold stated my concern would be that if you reject the RFP's and put together a new RFP and send it out to the companies and give them time to respond and come back to the Committee it is going to take longer than November 6.

Alderman Garrity asked is it 30 days or 60 days. What is it?

Clerk Bernier asked it could be whatever the Committee decides.

Alderman O'Neil stated I think the Committee has two different issues to wrestle with if I may. One has to do with additional revenues for the setting of the tax rate. That needs to be addressed for the special meeting of the Board and I know the trust fund is on your agenda tonight and I do know you have a letter into the Committee with regards to the monthly rates. To me, that is one issue. The issue of the management contract is separate and could be...if it is the wish of the Committee to send out a new RFP I agree it is going to take some time but you could extend the contract and if there are changes immediately that the Committee would like to see made whether it is hours of operation or number of people then we should direct the management company to do that. I think the issue of the new revenues for the setting of the tax rate are important. I don't believe the management company needs to be resolved to set the tax rate. Thank you.

Alderman Garrity stated I would like to put in the RFP an addendum saying that in the proposals the price has to be with keeping the current employees in the garages. Can we do something like that?

Alderman Osborne stated they won't guarantee something like that.

Chairman Sysyn stated no matter what company you chose, you would have to put that as a stipulation. If you chose Republic, you could put that as a stipulation in there.

Alderman Garrity asked after the proposals are in. You might as well do it before.

Chairman Sysyn asked so you want new RFP's out.

Alderman Garrity answered yes. Now we are going to have to extend the contract on a short-term basis for National. Does that have to be done in the form of a motion?

Chairman Sysyn replied one thing at a time. Do I have a second to Alderman Garrity's proposal? There was no second.

Chairman Sysyn stated we are back to square one.

Alderman Osborne stated my problem is notification. We held something here this evening...

Chairman Sysyn interjected we had Republic here in the beginning at the first meeting that we knew nothing about. National wasn't there the first time.

Alderman Osborne replied well that is another problem but I am just saying I think with the...

Alderman O'Neil interjected I think the first thing you have to do is extend this contract either two or three months.

Chairman Sysyn stated there are too many people talking at the same time.

Alderman O'Neil stated I was saying that one of the first things you have to do is extend this contract because you are not going to resolve this by November 7. Extend it until December 7 or January 7 or something.

Alderman Garrity moved to extend the contract for National Garages until December 7, 2002.

Alderman Forest asked why are we doing that.

Alderman O'Neil stated because the contract expires November 7.

Chairman Sysyn stated this meeting was delayed and we had a special meeting because we only had until November 7. Somebody thought it was only until September 30 but we had until November 7 so we are cutting it close as it is.

Alderman Osborne asked why weren't they notified, Madame Chair of this meeting.

Chairman Sysyn answered they didn't need to be notified.

Alderman Forest stated I believe they did.

Alderman Osborne stated I sure would want to know if I was in their shoes.

Alderman Forest duly seconded the motion to extend the contract for National Garages until December 7, 2002.

Chairman Sysyn called for a vote on the motion. The motion carried with Alderman Guinta being duly recorded in opposition.

Alderman O'Neil stated this shows why the Board needs to be informed...when anything can eventually end up in the lap of the Board of Mayor and Aldermen, the Board needs to be informed of the process. Now some contracts were not involved and it doesn't eventually end up back in our lap but anything that we are involved with we should know what is going on. That is something that did not happen here.

Chairman Sysyn stated this Committee was never informed that there were RFP's out to change the contract for managing the garages. Nobody was informed of that until that night when Tom Lolicata came in with it and Republic was here. This was never brought to the Traffic Committee until after the fact.

Alderman Forest stated this has been going on for four months and for four months I have asked for some information. I asked that it be tabled on two separate occasions, two separate meetings. I haven't made up my mind yet which company I am going to go for but I would still like to hear from both companies and this thing of saying that both companies knew about this meeting...I barely knew about this meeting. I believe that everybody involved in this should be here at our meetings and they should be notified. I don't think we should be dealing with just National or just Republic. I think we should be dealing with both. We have been talking about both of them for four months now. I really don't know what to do but I think both companies should be notified and then we can discuss this without being unfair to either one of them.

Chairman Sysyn stated there was also a third company.

Alderman Forest replied I don't know about the third company. I have never seen them and I don't think they have been at any of the meetings.

Chairman Sysyn stated they weren't invited because the committee had made up their mind that they wanted Republic.

Alderman Forest replied well they might have made up their mind and come up with a recommendation but I have not. Again, they sent us a letter and I haven't seen this before so I don't know when it came out but the information is coming to us at the last minute or it is not coming to us at all.

Chairman Sysyn stated so we voted to extend the contract for National Garages until December 7, 2002.

Alderman Forest asked are we going to make a motion to invite the other company or are we just going to let it go by.

Alderman Lopez stated I have a point of information. I know the Committee voted to extend the contract until December 7, 2002 but what happens in the meantime. Are you going to come back here on December 7 and go through the same process here? I mean are we going to get a management company for the betterment of the City or not?

Chairman Sysyn asked do you want to invite Republic and National to be here at our next Traffic Committee meeting, which will be in November.

Alderman Forest moved to invite both companies to the meeting of the full Board.

Alderman Guinta replied there are three of them.

Alderman Forest responded then we can invite three of them to a meeting of the full Board. There is no sense in bringing it back here because we are going to have the same debate the next time around. We might as well just get them at the full Board. It may last a little longer but at least they will be there.

Alderman Garrity stated but it has to come to the Committee on Traffic before it is sent to the full Board.

Alderman Forest moved to invite all three companies to the next Traffic Committee meeting.

Chairman Sysyn stated so we should have a meeting before December 7. Leo, do you know when the next meeting is.

Clerk Bernier replied it is scheduled for November 6.

Chairman Sysyn stated so we will have a Traffic Committee meeting that night with the three companies.

Alderman Guinta duly seconded the motion to invite all three companies to the Traffic Committee meeting to be held on November 6, 2002.

Chairman Sysyn called for a vote on the motion. There being none opposed, the motion carried.

Chairman Sysyn addressed Item 4 of the agenda:

Discussion relative to parking fee trust fund.

Mr. Sherman stated there is a statute that is currently on the books, RSA 261:154 that allows municipalities with a population over 50,000 to assess as part of the auto registration process a fee that is based on the value of the vehicle that the fee is being assessed on. The fee can only be used for parking facilities, construction of parking facilities...it says construction, operation and maintenance of parking facilities.

Chairman Sysyn stated we did this before. Didn't we do this before and then they rescinded it because somebody said it was like another tax? We did get some revenue from it?

Mr. Sherman replied that is right but let me tell you what the difference is. The fee is based on a mill rate depending on the age of the vehicle or model year of the vehicle you can have different mill rates. A new vehicle pays \$5 and then it goes \$4, \$3, \$2 and \$1. The difference between...and the City actually has the option of setting that mill rate anywhere below those maximums. What the City did the last time, I believe, is we put the mill rate at 1.5%, which again that is \$1.50 per \$1,000. What we are doing differently this time is we are actually capping the dollar amount so again if you have a \$10,000 car under the old rate you would have paid \$15 with that mill rate. What we are doing in this resolution is actually capping that at \$5 so nobody would pay more than \$5 and by statute you can't pay less than \$1. Again, it would go by value of the car, the model year of the vehicle and then after the calculation is done it would be capped off at \$5.

Chairman Sysyn asked when we did this the last time didn't we cap it at \$5 and then we started to do some repairs in the garage.

Mr. Clougherty answered no you didn't. I think the people who had the more expensive cars didn't want to do it. We actually put this in place and it ran for 10 months and then you stopped doing it after you had everybody go through it once, which in our opinion would have been great because then people would have been used to it and it would have gone on. It wasn't done. The proposal here, as Randy

said, is to cap it so nobody is going to pay more than \$5 and nobody is going to pay less than \$1. To help with the budget situation we are in, the Mayor's recommendation is that we go forward with this because that will provide...if you talk about maybe our original estimate was \$350,000 for seven months worth of operation or something like that so if this gets approved we will go back and ask Joan how long it will take her to implement it and based on that we will do a projection of what the car registrations were last year and we will come up with a number.

Chairman Sysyn asked so you need our approval at the Committee level.

Mr. Clougherty answered what we need is there is an actual resolution, I believe that should be approved and then that has to go to the Board so we can have that at the special meeting so it can be included in the tax rate.

Alderman Guinta stated I have two questions. First do we have an idea of how much this is going to bring in annually and secondly are we going to reduce the tax rate by that amount?

Mr. Sherman answered it would bring in somewhere between \$500,000 to \$600,000 a year and again it is kind of tough to guess because it goes by age of the vehicle and value and all of those things and as people buy and trade cars those numbers are going to change. At this point, what the Mayor is proposing is that these revenues would offset a portion of that \$2,150,000 problem that the City is facing. Going forward as these revenues flow into the budget, it is your choice as Alderman on how those dollars are utilized. Whether it is to actually spend for whatever purpose...you have to understand that because the garages are running a deficit right now this really just fills the deficit and those dollars can then be used for something else or you can take these dollars and reduce the taxes.

Mr. Clougherty stated again we can only use it in the parking facilities. There are restrictions on what you can use it for. It is a non-lapsing fund.

Alderman Guinta stated so this is another way to extract money from people who live in Manchester.

Mr. Sherman replied it is a way to spread the burden.

Alderman Guinta responded further spread the burden.

Mr. Clougherty stated what you are doing is you are asking the people who get the service to pay for it and you are taking those dollars and saying to those people we are going to take the money that you have paid and instead of putting it in the

general fund for some other purpose we will put it into a trust fund to be used just for the parking to try to get that self-sufficient.

Chairman Sysyn stated like you do with road resurfacing.

Mr. Sherman replied right. There is currently a charge on auto registration for road resurfacing and there is a charge on registration for reclamation of hazardous materials.

Alderman Osborne stated you say this is going to generate roughly \$600,000.

Mr. Sherman replied yes on an annual basis.

Alderman Osborne asked what is that on the tax rate.

Mr. Sherman answered about 11 cents.

Alderman Osborne stated it is just another avenue of taxing is all it is. We are creating more taxes here for these people. Not everybody uses the garages.

Mr. Clougherty replied that is right but the point here though, Alderman, is that this year and again I will speak for the Mayor but if you don't do this then you are going to have to cut services this year, the budget you currently have, you will have to go back and cut the department budgets again or increase the taxes.

Alderman Osborne asked how much is it on the tax rate again.

Mr. Sherman answered 11 or 12 cents.

Mr. Clougherty stated it would be 11 or 12 cents on the \$600,000 but this year it would be less than that because we are only looking at half of the year. Again, you are facing a \$2.1 million problem. If you want to keep the same level of services and not cut the department budgets, then you can raise the taxes. If you don't want to raise the taxes and you don't want to cut the departmental budget, this is another mechanism that, again, helps you address the issue of parking downtown and helps you to focus some of the revenues that you would be getting from this fee as opposed to a general taxation but it is your choice. You are right.

Chairman Sysyn stated it is the same thing you did with the \$5 fee that is for resurfacing.

Alderman Osborne replied that is a different situation. Everybody uses the roads. Not everybody uses those garages. That is all together a different situation in my

book. It is just another way of taxing and I think we do enough taxing now and we don't need anymore.

Mr. Clougherty responded that is right, Alderman. If you don't want to do this and you don't cut the department budgets, the tax rate, the general property tax will go up to cover that.

Alderman Osborne asked what if we take the \$600,000 out of the rainy day fund. How much interest do you get on that a year?

Mr. Clougherty answered again it is not a fund that is invested. It is an accounting function at the end of the year, Alderman.

Alderman Osborne replied it still has to do with the revenue doesn't it.

Mr. Clougherty responded again as we have spoken on the rainy day fund if you were to tap into that you are going to run into other problems and we can go through what those are tonight if you would like but it is not our recommendation.

Alderman Guinta moved to receive and file the parking fee trust fund. Alderman Garrity duly seconded the motion.

Chairman Sysyn called for a vote on the motion. There being none opposed, the motion carried.

Alderman O'Neil stated I have a question for the Finance Officer based on that recommendation. If that is adopted by the full Board that means we either go back and cut the departments...the Mayor has used the number \$385,000 or it might be \$350,000 or it could be a little less than that...

Mr. Clougherty interjected I think it might be more than that. Again, we will have to calculate what it is and get it back to you.

Alderman O'Neil asked so it is either that amount is added to the tax rate or we reduce the department budgets.

Mr. Clougherty answered that is right.

Alderman O'Neil asked will you prepare those two alternatives for the Board.

Mr. Clougherty replied yes for the special meeting.

Alderman Lopez asked, Kevin, are you saying that we are not taking any money out of the rainy day fund this year. Is that what you are saying?

Mr. Clougherty asked for the current year's budget.

Alderman Lopez answered yes the current year. You are looking for \$600,000 more in revenue so at the end of the year if we were short that \$600,000 we could take that out of revenue, is that correct? Out of the stabilization account?

Mr. Sherman asked at the end of FY03.

Alderman Lopez answered yes.

Mr. Clougherty replied right and that would be a factor for next year, Alderman, not our current tax rate.

Alderman Lopez stated I just wanted to make sure that I understood what you said.

Mr. Clougherty replied at the end of the year we will do that analysis as we do every year.

There being no further business, on motion of Alderman Guinta, duly seconded by Alderman Forest, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee